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Los Angeles Bar Association

# BULLETIN



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NOVEMBER, 1935

Volume 11  
Number 3

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# Los Angeles Bar Association Bulletin

VOL. 11

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No. 3

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(City and County—Organized 1888)

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Of Los Angeles Bar Association Bulletin, published monthly at Los Angeles, State of California, for October 1, 1935.

State of California, County of Los Angeles—ss.

Before me, a notary public in and for the State and County aforesaid, personally appeared George Bergstrom, Jr., who, having been duly sworn according to law, deposes and says that he is the business manager of the Los Angeles Bar Association Bulletin and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to-wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher—Los Angeles Bar Association, 1124 Rowan Bldg., Los Angeles, Calif.

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2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The Los Angeles Bar Association, an unincorporated association, composed of members of the Los Angeles City and County Bar. Address: 1124 Rowan Bldg., Los Angeles, Calif.

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5. That the average number of copies of each issue of this publication sold or distributed through the mails or otherwise, to paid subscribers during the two months preceding the date shown above is \_\_\_\_\_. (This information is required from daily publications only.)

GEORGE BERGSTROM, JR.

(Signature of business manager.)

Sworn to and subscribed before me this 23rd day of Sept., 1935.

[Seal] H. L. ST. CLAIR,  
Notary Public in and for the County of  
Los Angeles, State of California.

My commission expires March 20, 1939.

## *Trends in Lawyer Population and the Amount of Legal Business*

By James E. Brenner, of Stanford University School of Law

FOR years lawyers throughout the country have been asking the question, "Is the legal profession overcrowded?" It is not an easy question to answer. The profession may be overcrowded in one community and not in another, even though there are more lawyers per capita of population in the latter community. Population is only one of the many factors which go to determine the amount of legal business in a particular community. It is difficult to obtain figures over a period of time for more than a few of these factors and for many of them no information is available. Net income is one of the most important factors in determining the status of the legal profession as to overcrowding. This information is not available in California but we have some figures on other factors and we have set them out in the tables which follow.

In the preparation of the tables the year 1910 has been arbitrarily chosen as the base because of the difficulty in getting data for a number of the factors for periods prior to 1910. It has been impossible to get exact figures for all factors back to 1910, in which instances the approximate number or amount has been estimated as accurately as possible. Several different sets of figures have been available for some of the factors and an attempt has been made to choose those which appear to be the most accurate. Where available, the number of lawyers has been based upon the figures of the State Bar and a correction applied to the U. S. Census figures for the earlier dates, as the census results are considerably lower than the count of the State Bar. The number of licensed physicians, dentists, and architects is based upon the records of the state boards which govern these professions. Other figures are based upon the records of the Judicial Council, the California State Automobile Association, the Los Angeles and the San Francisco Chamber of Commerce, and the U. S. Census.

### INCREASE OF LAWYERS IN CALIFORNIA

An index number of 1 has been assigned to each figure for the year 1910. The index number has been increased or decreased for subsequent years according to the relative increase or decrease in the base figure for each factor. In 1910 there were approximately 5320 licensed active lawyers in California. The number in 1920 was approximately 7300. The index number 1 for 1910 increased accordingly to 1.37 for 1920. The same procedure has been followed for other factors.

Table I shows the number of attorneys admitted in California by the regular examination and those from other jurisdictions who were admitted on motion or by the attorneys' examination from 1920 to date. Beginning with the first examination under the jurisdiction of the State Bar of California the total number of students examined and the percentage of success are also given in this table.

The number of applicants passing the bar examination increased from 206 in 1920 to 544 in 1931. Since 1931 there has been a definite falling off in the number taking the students' examination and a corresponding drop in the number of successful applications. The number taking the bar examinations increased from 797 in 1929 to 1251 in 1930, an increase of 57%. The table seems to indicate that with this large increase in numbers the quality of the group dropped and the percentage of successful applicants decreased from 52% to 41.7%. Just prior to this increase a new law had become effective which permitted students to take the examination with only three years of law study.

The numbers increased until 1934 when the so-called repeater rule became effective.

Beginning with 1934 the numbers have decreased and apparently the quality is improving as the percentage of success increased from 35.4% in 1934 to 41.4% in 1935. Large numbers of applicants have not had the advantage of thorough prelegal and legal training before taking the examination, and the percentage of success in this group is very low and of course brings the total percentage of success much below what it would be if all were well prepared when they took the bar examination. As an example of the lack of thorough prelegal education, one hundred and forty-one of the applicants taking the February, 1934, examination were not graduates of a four-year high school. Twenty-four of them had had no high school education. Is it any wonder that the percentage of success in the bar examinations continues to be considerably less than 50%?

ATTORNEYS ADMITTED ON MOTION

The number of attorneys admitted on motion has decreased from a "high" of 252 in 1927 to 26 in 1934. This is undoubtedly due in a large part to the new rules which permit the Committee of Bar Examiners to give an attorneys' examination to these applicants and to investigate their characters very carefully.

TABLE I

Year	No. Examined	No. Passed	% Passed	Admitted on Motion	Total Admitted
1920	.....	206	.....	119	325
1921	.....	243	.....	171	414
1922	.....	337	.....	155	492
1923	.....	392	.....	211	603
1924	.....	298	.....	175	473
1925	.....	300	.....	123	423
1926	.....	434	.....	148	582
1927	.....	436	.....	252	688

EXAMINATION UNDER JURISDICTION OF THE STATE BAR

EXAMINATIONS UNDER JURISDICTION OF THE STATE TAX				
1928	864	447	51.8	158
1929	797	423	52	144
1930	1251	522	41.7	168
1931	1337	544	40.7	149
1932	1226	476	38.8	69
1933	1343	479	35.6	43
1934	1151	408	35.4	26
1935	998	413	41.4	33
				446

### RATIO OF POPULATION TO LAWYERS

Table II shows the increase in the number of attorneys in the various jurisdictions in the United States from 1910 to date. The figures are given in terms of index numbers using an index of 1 for the year 1910. The table also shows the population per lawyer for 1930.

Florida has had the greatest increase in the number of attorneys since 1910 as indicated by an index number of 3.66. The District of Columbia is second with 2.25, and California third with 2.06.

The population per lawyer is lowest in the District of Columbia. The ratio of population to lawyer in that jurisdiction is 140 to 1. In Nevada it is 394 to 1, in New York 454 to 1, and in California and Florida it is 561 to 1. These figures are based on the U. S. census. If we use the actual figures for California the ratio in this state becomes 519 to 1 and ranks it third for all the states.

TABLE II

State	Index 1910	Index 1920	Index 1930	Census Population	
				Per Lawyer	—1930
Alabama	1.	0.95	1.07	1656	
Arizona	1.	1.21	1.48	804	
Arkansas	1.	0.99	1.12	1227	
California	1.	1.37	2.06	561	
Colorado	1.	0.93	0.95	663	
Connecticut	1.	1.19	1.68	852	
Delaware	1.	0.95	1.15	1152	
District of Columbia	1.	1.56	2.25	140	
Florida	1.	1.59	3.66	561	
Georgia	1.	1.13	1.26	1034	
Idaho	1.	1.16	1.03	767	
Illinois	1.	1.10	1.46	650	
Indiana	1.	0.92	1.06	850	
Iowa	1.	0.97	1.02	938	
Kansas	1.	0.94	1.03	1027	
Kentucky	1.	0.89	0.99	990	
Louisiana	1.	0.98	1.32	1288	
Maine	1.	0.93	0.89	1045	
Maryland	1.	1.06	1.40	586	
Massachusetts	1.	1.12	1.57	612	
Michigan	1.	1.07	1.59	1060	
Minnesota	1.	1.09	1.31	815	
Mississippi	1.	1.25	1.03	1609	
Missouri	1.	0.99	1.22	653	
Montana	1.	1.40	1.14	753	
Nebraska	1.	1.05	1.20	787	
Nevada	1.	0.78	0.79	394	
New Hampshire	1.	0.93	0.89	1282	
New Jersey	1.	1.21	2.05	638	
New Mexico	1.	0.89	0.91	1209	
New York	1.	1.07	1.60	454	
North Carolina	1.	1.21	1.82	1327	
North Dakota	1.	0.94	0.90	1135	
Ohio	1.	1.05	1.44	732	
Oklahoma	1.	1.03	1.28	683	
Oregon	1.	1.09	1.22	598	
Pennsylvania	1.	0.94	1.12	825	
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Utah	1.	1.18	1.35	843	
Vermont	1.	0.90	0.87	1086	
Virginia	1.	1.09	1.33	1001	
Washington	1.	0.90	0.92	684	
West Virginia	1.	0.94	1.11	1113	
Wisconsin	1.	1.05	1.39	1129	
Wyoming	1.	1.31	1.46	752	
United States	1.	1.07	1.40	764	

## INDICATORS OF BUSINESS OF LEGAL PROFESSION

Table III sets out figures for some of the factors which have been used as indicators of the business of the legal profession for the entire State of

The numbers increased until 1934 when the so-called repeater rule became effective.

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California. Unfortunately, no figures are available for a number of factors which have a very direct bearing. The index figures for three other professions have been included for purposes of comparison. It will be noted that for 1930 all of pronounced results. These figures seem to indicate that there should be more business rapidly than the number of lawyers. Also, the number of physicians, dentists, and architects has increased more rapidly since 1910 than the number of attorneys.

TABLE III  
CALIFORNIA

Legal and Economic Indices	1910	1920	1930	1933	Base
Population	1.00	1.46	2.42	2.55	2,377,549
Attorneys	1.00	1.37	2.06	2.19	5,320
Physicians	1.00	1.45	2.20	2.32	4,464
Dentists	1.00	1.64	2.70	2.89	2,032
Architects	1.00	1.34	2.39	2.31	498
Manufacturing					
No. Wage Earners	1.00	2.11	2.51	.....	115,296
Total Wages	1.00	3.63	5.02	.....	\$84,142,000
Value of Products	1.00	3.77	5.88	.....	\$529,761,000
Commercial Failures	1.00	1.13	3.06	2.23	632
No. of Concerns in Business	1.00	1.13	2.06	1.93	57,125
Savings Deposits	1.00	2.82	5.16	4.42	\$356,700,000
No. of Automobiles	1.00	16.70	59.00	56.4	36,146
Farming					
Value of Farm Property	1.00	2.09	2.37	.....	\$1,450,000,000
Value of all Crops	1.00	4.03	4.26	.....	\$146,000,000
Court Filings					
Superior Court					
Criminal	1.00	1.46	2.41	2.40	4,310
Civil	1.00	1.47	2.30	2.00	40,000
Divorce	1.00	1.49	2.30	2.30	9,960
Supreme Court	1.00	1.52	2.09	1.21	517

TABLE IV  
LOS ANGELES

Legal and Economic Indices	1910	1920	1930	1933	Base
Population	1.00	1.81	3.86	4.12	319,198
Attorneys	1.00	1.66	3.10	3.65	1,217
Post Office Receipts	1.00	4.92	14.90	7.40	\$1,476,942
Bank Clearings	1.00	2.82	7.43	6.15	\$811,347,487
Building Permits	1.00	2.76	3.42	0.70	\$21,684,100
*Manufacturing					
Total Wages	1.00	5.78	14.00	.....	\$12,588,000
Value of Products	1.00	6.08	19.20	.....	\$68,586,000
*Automobiles	1.00	18.40	84.50	83.30	10,140
*Farming					
Value of Farm Property	1.00	1.95	2.49	.....	\$192,152,000
Value of all Crops	1.00	4.19	4.73	.....	\$14,720,000
Court Filings					
Superior Court					
Criminal	1.00	1.77	3.95	4.33	962
Civil	1.00	1.81	3.59	3.29	10,500
Divorce	1.00	1.80	3.94	4.03	10,900
Supreme Court	1.00	2.24	3.41	1.98	142

\*Los Angeles County.

(Continued on page 67)

## *California Corporation Law -- Some Recent Amendments*

By Homer D. Crotty, of the Los Angeles Bar

VERY few changes were made in the general California Corporation Law by amendments adopted at the 1935 session of the Legislature. Two sections only of the general law—Sections 330.24 and 403c—were amended. A discussion of the changes made in these two sections will appear below.

Title II of Part IV relating to insurance corporations (with the exception of one section) was repealed in its entirety concurrently with the enactment of the Insurance Code.<sup>1</sup> One lone section<sup>2</sup> was adopted as a separate section independent of the new Insurance Code. In addition to this all sections of the Civil Code relating to insurance, from Section 2531 to Section 2769, were repealed and were re-enacted in the Insurance Code. Thus by the repeal of all but one section of Title II of Part IV the Legislature has cut a large slice from the corporation sections of the Civil Code, a goodly portion of which sections were adopted in 1872. The kinds of insurance corporations originally provided for in 1872 and the subsequent kinds which seem to have been discovered later were duly classified into highly specific categories, as has seemed the custom in California as far as the formation of corporations is concerned.

The State Bar Committee on the Revision of the Corporation Law used to refer to the majority of separate titles of Part IV relative to the many categories of corporations as the "lumber-room" of the corporation law. It would seem that considerable work still remains to be done to eliminate the special provisions relating to particular classes of corporations and to have these corporations come under either the general corporation law for Corporations for Profit or for Corporations Not for Profit.

### CONSTITUTIONAL AMENDMENT

In the fall of 1934 an amendment was adopted to the State Constitution, adding to Article IV a new section to be numbered 31c. This section removes the prohibition in so far as the holding of stock in mutual water companies by cities of the fifth and sixth classes is concerned in the Constitution (Sec. 13 of Art. XII) which prevents the state from subscribing to or becoming interested in the stock of any corporation. This obviously did not solve the problem of numerous municipalities which must rely in large part upon mutual water companies for their supply of water. The change in Section 330.24 allows a mutual water company to sell water to the state or any department or agency thereof, or to any school district, at the same rate as to the other holders of its shares. It further provides that in the event lands to which such water company shares are appurtenant become owned by the state such appurtenant shares shall be cancelled by the secretary, but shall be re-issued to any person later acquiring title to such land from the state department, agency or school district.

1. Chapter 145 of the Laws of 1935.

2. Section 453.14 relating to investments by mortgage insurance corporations in loans under the National Housing Act.

Just how this will apply to existing corporations is a question. Perhaps appropriate amendments to by-laws or articles of incorporation of such corporations may allow municipalities to take advantage of this provision.

#### ONLY OTHER CHANGE

The only other change in the general corporation law is that appearing in Section 403c. This section relates to the order or certificate of winding up in the dissolution of corporations. In the second subdivision of it the law provides that in lieu of filing the certificate of winding up in voluntary dissolution proceedings the directors may petition the Superior Court for an order declaring the corporation duly wound up and dissolved. The only change between the former law and the new law is that publication is required to be for once a week for a period of two consecutive months, instead of once a week for three consecutive weeks. It further provides that any person claiming to be interested either as a shareholder or creditor or otherwise shall have the right to appear at any time before the expiration of thirty days before the completion of such publication. The former law permitted any person to appear in the proceeding and to contest the petition at any time apparently before the petition was disposed of.

#### CORPORATE SECURITIES ACT

Of much greater interest to the corporation bar than the amendments to the Civil Code have been the recent amendments to the Corporate Securities Act.<sup>3</sup> These amendments changed Sections 2, 4, and 26 of the Act. In Section 2 the definition of the word "security" was enlarged to include "guarantee of a security and any certificate of deposit for a security". Heretofore guarantees of securities and certificates of deposit for securities were not considered securities within the meaning of the California Act. The amendment adding the certificates of deposit was no doubt inspired by the definition of the word "security" in the national Securities Act of 1933.<sup>4</sup> Certain minor amendments also appear in Section 2.<sup>5</sup> The changes in Section 26 were to increase the fees charged for filing, and providing fees for certain additional services to be rendered by the Corporation Commissioner. The most important amendment, however, appears in Section 4 of the Act. This reads as follows:

"Pursuant to this act the commissioner has been and is authorized, in the instance of an application for a permit to issue securities in exchange for one or more bona fide outstanding securities, claims or property in such exchange and partly for cash, to approve the terms and conditions of such issuance and exchange and the fairness of such terms and conditions, after a hearing upon the fairness of such terms and conditions, at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear."

The federal Securities Act of 1933 as originally worded, excluded as an exempt transaction<sup>6</sup> the issuance of securities to existing security holders or other existing creditors of a corporation in the process of a bona fide reorganization of such corporation under the supervision of any court, either in exchange for the securities of such holders or claims of creditors, or partly for cash and partly in exchange for securities or claims of such security holders. This exemption related only to reorganizations of a corporation under court supervision, such as in receivership or 77 (b) proceedings. It did not exclude from

3. Chapters 166 and 766, Statutes of 1935.

4. Section 2, subdivision (c), Corporate Securities Act.

5. Section 2, subdivision (a) 10, subdivisions (b) 2, 6, 11, and subdivision (c), Corporate Securities Act.

6. Section 4 of Corporate Securities Act.

the necessity of registration, securities issued in a reorganization which did not involve court proceedings.

An amendment adopted by Congress in 1934 added a new subdivision (10) to Section 3 of the Securities Act of 1933.<sup>7</sup> This amendment permitted exempted securities issued in connection with a reorganization where the fairness of a reorganization had been given a hearing and approval by a Blue Sky Commission. Although it was generally believed in California that the Corporation Commissioner had power to hold hearings in connection with the issuance of securities on reorganizations, yet to remove doubt on the subject the new amendment to Section 4 of the Corporate Securities Act was enacted. Its greatest benefit will be to eliminate the highly expensive procedure of registering reorganization securities with the National Securities Exchange Commission in Washington.

#### REORGANIZATION PROCEEDINGS

In a corporate reorganization proceeding before the enactment of the amendment to Section 4 it was necessary to register certificates of deposit for securities as well as the new reorganization securities with the Federal Securities Exchange Commission. Such registration did not do away with the necessity for obtaining the approval of the California Corporation Commission so far as the securities issuable on reorganization were concerned.<sup>8</sup> Reorganizers handling the tangled affairs of insolvent corporations with widely scattered security holdings have found the registration proceedings required by the Federal Securities Act to be very expensive. Especially has this been true in the registration of certificates of deposit. Usually the protective committees have been hard pressed for funds and so great delays have ensued until the necessary funds could be found. The filling of the requirements for registration of the Federal Securities Exchange Commission have called for the outlay of substantial sums of money. It is thus obvious that the change made in the California Corporate Securities Act at the recent session of our Legislature has simplified greatly the reorganization proceeding and will save a large amount of expense, while at the same time it has not eliminated adequate protection for security holders.

Most California lawyers are of the opinion that the protection offered by the California Corporate Securities Act to investors in a reorganization is greater than that provided under the Federal Securities Act for in registering with the Federal Securities Exchange Commission no opportunity was afforded for a hearing upon which the fairness of the reorganization plan could be openly discussed and objections or suggestions made to it. In informal discussions with officials of the Federal Securities Exchange Commission their opinion was given that the procedure in California obtaining under our Blue Sky Law is the only one in the United States that is working satisfactorily at the present time. The Commissioner has also recently published a new chapter for the Department's rules and regulations called "Reorganizations." These new rules in large measure reflect views which have prevailed in the Corporation Department for many years. They are intended to implement also the amendment to Section 4. They make doubly sure that an exemption from the necessity of registration with the Federal Securities Exchange Commission will be obtained if application is made to the California Corporation Commissioner.

7. "(10) Any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court, or by any official or agency of the United States, or by any State or Territorial banking or insurance commission or other governmental authority expressly authorized by law to grant such approval."

8. Section 2 of Corporate Securities Act.

## Activities of Junior Bar Group

By Charles E. Sharritt, of the Los Angeles Bar

FROM present indications, an unusually active fall and winter season is ahead for the Junior Bar groups.

Immediately after the enthusiastic meeting of October 10 plans were made to follow it up with the annual joint meeting of young lawyers and doctors. Announcement is made by President E. Avery Crary of the Junior Barristers of Los Angeles that the joint meeting will be held December 5.

For the past five years this annual gathering has been an outstanding event because of the excellent programs, large attendance and the opportunity for the younger members of the legal and medical professions to become better acquainted.

A feature of the December 5 meeting will be the presentation of a comedy skit now being authored by Milford Springer and Kenneth Chantry.

### RANSOM APPROVES JUNIOR UNIT

With the action of the Junior Barristers at the San Francisco meeting in adopting plans for a unit within the State Bar submitted to the bar governors

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for their approval, the movement has received the attention and commendation of William L. Ransom, president of the American Bar Association.

In commenting on the matter, President Ransom said, in part:

"Creation of Junior Bar Sections of the State Bar organizations is very much in line with the purpose and program of the American Bar Association as to the younger lawyers. Personally, I am very strongly of the opinion that the Junior Bar organization in each state will best function as a unit of the State Bar organization and under its auspices, rather than as a detached unit under the Junior Bar Conference of the American Bar Association. The state junior bar sections will then be represented in the National Junior Bar Conference. In this way I believe we will get a better coordination of the junior bar groups in each state and throughout the country. In any event, the sanctioning of state Junior Bar sections under State Bar organization auspices is very much in the right direction.

"As to the advisability of such organizations of the Junior Bar, the experience and policy of the American Bar Association are clear. It is proving the means of getting hold of the young lawyer and keeping him in step with the profession, from the time he comes out of law school. To the lawyer under 36 years of age, the Junior Bar Conference offers comradeship and congenial association, and an opportunity to gain experience in bar association work and put his ideals of the profession into practice. These opportunities are available to him from the time he is admitted to the bar, all through the trying years when he most needs friendships and associations, until the time when he has fitted himself to take his place as a senior in the work of the organized bar.

"To the older lawyer, the Conference is a dependable source of energy, ideals and enthusiasm, and is the best assurance of experienced leadership for the bar associations in the years to come. To the public, the Conference represents a sincere effort to utilize available energies for effective public service, that day by day will make the legal profession a better implement of public welfare.

"Failure or refusal of a young lawyer to join the Conference is to deny himself valuable opportunities to identify himself with the high traditions of the bar and to cut himself off from useful public service and a chance to help improve the condition and prospects of the younger members of the bar."

The Junior Barristers announce that the Bancroft Whitney Company has given a six-volume set of *Jones on Evidence*, and the West Publishing Company has donated the Deluxe Edition of *Wigmore's Panorama of the World's Legal Systems* as additional prizes in the annual Legal Article Contest of the Junior Barristers which is now in progress. The contest closes December 20, 1935.

There are five cash prizes to be awarded for the best papers on subjects of current interest to the legal profession. The contest is open to all members of the Junior Barristers.

In past years, the legal essays submitted have been read with interest by the older members of the profession. This contest enables the younger members of the Bar to give concrete evidence of their ability.

Every member of the Junior Barristers is urged to compete in this contest. Full details may be obtained from the office of the Los Angeles Bar Association or from the October BULLETIN of the Los Angeles Bar Association.

## CHRISTMAS JINKS

ON Saturday night, December 21st, in the Fiesta Room of the Ambassador Hotel the tried and true Thespians of the Bar Association will again tread the boards.

Rex Hardy, the director, tells that it is a deep, dark secret as to who is treading on whom. In fact the whole thing is a deep, dark secret except for the day, the place and the director, but not to us who go around town with an ear firmly imbedded in the ground. We heard that the leaders of our bar and bench were again being commanded to stand so and so and to speak thus and thus

All of which foretells another one of those gay and light-hearted *Christmas Jinks*, where new friends are made and old ones are not forgotten.

There will be music, of course. The Bar Association orchestra has already gotten its oboe out of pawn and its sliding trombone tuned, and the quality of the music of the orchestra certainly cannot be kept dark,—secret or no secret.

The Ambassador Hotel feels the same about its food too. They were firm in their refusal to permit the food and cuisine of the hotel to remain a secret. Ask them.

We heard, with our good ear to the ground, that Izzie Dockweiler and Clem Brown (guess who) have great parts; that the scenery is being built and the show is in rehearsal.

And we also heard Joe Scott say:

"Rex, this show will be better even than *The Blue Eagle Blues*," and Joe, he ought to know.

### AND SO—

With our ear to the ground  
And some sly dirty winks,  
We've canvassed the town,  
On this Christmas Jinks.  
And they tell us the play  
Is a deep secret dark  
That you'll never find out  
Till the night of the lark.  
With this secret so deep,  
Until the answer is found,  
The BULLETIN will keep  
Its ear to the ground.

*And then we'll tell the world!*

## ***Creating Good Will Through Publicity\****

By Clarence T. Case, St. Louis, Mo.

SHOULD the bar seek to create good will through favorable publicity? From my recent activities as chairman of the St. Louis Bar Association's Committee on Unauthorized Practice of the Law I am convinced that the answer to the above question should be in the affirmative.

Outside forces have long been working to undermine the standing of the Bar. For a great many years lay agencies in the field of collections, of insurance adjustments, of real estate transactions, of accountancy and of the handling of estates, have been spreading propaganda detrimental to the legal profession. They have charged that lawyers are untrustworthy, or are in-

\*Condensed reprint from the Missouri Bar Journal of October, 1935.

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capable of drawing deeds, wills, trust agreements, of solving tax problems, of handling collections of accounts, and the adjustment of claims under insurance policies.

The general public has also been led to believe that for these services lawyers make excessive charges, and that a lay institution can always furnish better service for less money. With their advertising programs, through pamphlets and newspapers and solicitors sent out to get the business, these unauthorized lay groups do not hesitate to spread much sales talk to the discredit of the legal profession.

Only recently has the Bar really awakened to these ever-growing encroachments on its own proper field of activity. It has stood idly by for many years and allowed the customs and practices of these lay invaders to become established in the public mind as legitimate business.

Lawyers must not forget that they are public officials, officers of the courts, especially privileged and licensed to act for others in a most sacred and confidential capacity. The public has a right to expect that whenever the Bar is doing something for its own good it is also rendering a service for the benefit of the public. If a bar committee takes drastic steps to punish or disbar some recalcitrant lawyer, the public applauds. The case invariably gets wide-spread publicity, and the public is promptly sold on the idea that a menace has been removed and that, as a result, the Bar is rendered more trustworthy.

Our job is to convince the public that the legal profession can be relied upon to render better service than unlearned and unlicensed laymen. Good publicity, therefore, is that which educates and encourages the public to trust and employ members of the Bar whenever they have interests at stake instead of placing their affairs in the hands of laymen not legally authorized to handle them.

A St. Louis newspaper was carrying the ads of a group of life insurance adjusters on the same page where the death notices appear. These alluring ads called upon the people to bring in their life insurance policies, using as bait "ADVICE FREE." On the face of the ads we might have obtained injunctions, or brought misdemeanor proceedings for violating the statutes on the practice of law, but we were looking for something that would appeal strongly to the general public as most worthy action on the part of the Bar.

Our chance came. A widow whose husband had just died leaving her \$2000 in life insurance. During her husband's last illness, this woman, lured by "FREE ADVICE" took the insurance policy for \$2000 to the office of one of the advertising lay insurance adjustors, to determine whether she could obtain sick benefits. Although the policy contained no provision for sick benefit, this lay adjustor told her he could make the insurance company pay them. He procured her signature to a contract which provided that the adjustor was to receive fifty per cent of anything recovered, and retained the policy in his possession. For six weeks the adjustor continually reported to the woman that he was working on the matter; then the husband died. The lay adjustor prepared proofs of death, got possession of the check for \$2000, induced the widow to endorse it, and then, after deducting \$1000 for his "services," offered her the remaining \$1000. She refused and called upon the Bar Association for help.

The Bar Association prepared a voluminous petition and filed suit for money had and received. The newspapers gave the story front page space, and from then on refused to carry the ads of these lay adjusting agencies. With their advertising gone, this particular group of life insurance adjustors went out of business. The gratuitous service rendered by the lawyers' committee to the poor widow instantly raised the esteem of the Bar in the public mind in the city and has probably impressed many policy holders with the necessity of consulting lawyers in the future on all legal questions involved in their policies.

This case is one example of creating good will through publicity.

## Weekly Radio Broadcast Program of Junior Bar

By Charles E. Sharritt, of the Los Angeles Bar

IN an effort to better acquaint the public with the functions of the lawyer and to increase respect and appreciation of the legal profession, the Los Angeles Bar Association has launched a series of weekly radio broadcasts.

To arrange for and present the programs, President Joe Crider, Jr., appointed a Committee on Radio Broadcasts with Alex W. Davis as chairman. Committee members to serve with Davis are Judge Clement L. Shinn, Judge Joseph W. Vickers, Preston B. Plumb, Charles E. Sharritt, Don G. Bowker, Thomas J. Cunningham, H. Sidney Laughlin and Arthur R. Smiley.

Under the present arrangements, the programs will be on the air each Friday from 8:00 to 8:15 p. m. over Station KFAC for an indefinite period. Speakers each week will be selected from members of the local bench and bar by the committee.

The general purpose of the broadcasts, it is pointed out by Chairman Davis, is to make known the vital part played by lawyers and the legal profession in the development and progress of California. To carry out this object, the committee at a recent meeting selected a number of subjects and incidents which were a definite part of the colorful history of the state. In presenting these topics, the speakers will endeavor to illustrate them with actual cases decided by the Supreme Court on the subject.

Through this method it is hoped to impress upon the public that the lawyer has always played an outstanding part in the development of government and that the legal profession is a vital and useful civic factor. At the same time, the talks will emphasize the fact that care should be exercised in the selection of able judges.

The first program presented by the committee was an address on October 25 by Charles E. Sharritt on "Judges' Robes and Wigs," in which an historical account was given of the ancient custom of legal and judicial attire.

On November 1 the first talk in the California historical series was given by Alex W. Davis on the subject "The Lawyer In California History." The following Friday the speaker was Ralph H. Spotts who spoke on the topic of "Spanish and Mexican Land Grants."

A tentative outline of the talks to follow are:

November 15	—The Gold Rush and Development of Mining Law."
November 22	—The Founding and Early History of San Francisco."
November 29	—The Vigilantes Committees and Lynch Law."
December 6	—The Express and Stage Coach Companies."
December 13	—The Selection of the State Capital."
December 20	—The Founding and Early History of Los Angeles."
December 27	—Chinese Exclusion."
January 3	—The Founding and Early History of San Diego and Its Back Country."
January 10	—The Civil War and Slavery Issues in California."
January 17	—Stock Ranches and Grazing."
January 24	—The Construction of Railroads and Railroad Grants."
January 31	—The Settlement of Public Lands."
February 7	—Irrigation and Water Rights."

(Continued from page 57)

Table IV gives the same information for Los Angeles City, or County where the figures for the City alone were not available. The results for Los Angeles are even more pronounced than those for the entire state. A survey in Wisconsin, conducted under the direction of Professor Lloyd K. Garrison, Dean of the Law School at the University of Wisconsin, shows similar pronounced results. These figures seem to indicate that there should be more business per lawyer than there was in 1910. However, this is not the whole story. We do not know what the income per lawyer was in 1910, and it is possible that the income of that time actually had greater purchasing power than the income of today. It is difficult to determine how the business of today is distributed.

The Wisconsin survey covers income tax reports which are not available in this state. The results in Wisconsin show that 2,007 attorneys had an average net professional income of \$4,772 in 1929 as compared with an average of \$4,104 for 2,161 attorneys in 1932. Several other factors show a drop in 1932 and 1933 as compared with 1930, but the 1933 index numbers generally were higher than the index number for attorneys.

Whether or not the legal profession in California is overcrowded cannot be definitely answered with the information which is now available. If the factors we have considered are reliable there should have been more business per attorney in 1930 than there was in 1910. The index figures of several factors dropped between 1930 and 1933, but the indications are that these indices are higher at the present time. This increase, together with the added business resulting from the many government administration boards, indicates that there should be more legal business per attorney today than there was in 1910.

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## California's New Insurance Code

By Powell E. Smith, of the Los Angeles Bar

IN 1933 the California Code Commission was authorized by the Legislature to prepare a Code of Insurance to be submitted to that body for consideration at its 1935 session. The code as presented was passed by the Legislature and approved by the Governor, becoming Chapter 145 of the Statutes of 1935. This code, as prepared by the Commission, did not involve any substantive change in the various statutes as they existed in other codes and the general laws. However, for purposes of clarity and orderly presentation, a number of the longer sections as found in other codes were divided into two or more sections in the Insurance Code. In doing so, it was necessary to change their grammatical structure to some extent. Other minor changes were made in the language of a few provisions. This situation was taken care of by Section 2 of the Insurance Code, which reads,

*"The provisions of this code in so far as they are substantially the same as existing statutory provisions relating to the same subject matter shall be construed as restatements and continuations thereof, and not as new enactments."*

The Insurance Code consists of three main divisions. The first deals with general provisions affecting all insurance and rules and regulations governing insurance companies, the second includes those provisions which pertain to specific classes of insurance, such as marine, fire, life and disability, workmen's compensation, common carrier liability, casualty, title and mortgage insurance, and the third division refers to the powers and duties of the Insurance Commissioner. This consolidation brings together under one title laws that were previously located in the Civil, Political and Penal Codes and in the General Laws. The value of this legislation to the legal practitioner need not be enlarged upon. It might be well to mention, however, that a very important insurance law still remains outside the Insurance Code. This is the statute providing for the exemption of life insurance proceeds from attachment by creditors (C. C. P. 690.19). In this connection, a new subdivision (C. C. P. 690.20) was added in 1935 to the general exemption statute which provides that the payment under health and disability insurance shall be exempt from creditors to the extent that the annual premiums do not exceed \$500.00, except that one-half of the proceeds of such policies will be subject to execution for debts incurred by the beneficiary or by his immediate family for the common necessities of life.

### AMENDMENTS

As is customary when a large body of law is reenacted, discerning attention was given to the Code's many provisions and interrelating features, and as a result a number of amendments to the new code were made after its passage. For the most part, these amendments deal with the organization and the regulation of insurance companies, discussion of which would carry this article beyond its intended purposes. However, a few changes were made together with some new enactments which the writer believes of sufficient general interest to warrant brief discussion.

A new law, I. C. 10112, provides that any minor shall be competent to contract for life or disability insurance or annuities and to exercise all contractual rights thereunder, provided that if a minor is under the age of sixteen years, all contracts made by him relative to such insurance shall have the written consent of a parent or guardian. The effect of this provision, of course, is to make an exception to the general rule permitting minors to disaffirm their contracts. The argument presented in proposing this legislation was that as life and disability insurance is distinctly in the interest of minors, such contracts

should not be subject to the right of disaffirmance by a minor after he has enjoyed the protection afforded him up to the time of disaffirmance. Some fifteen other states have enacted legislation within the past few years somewhat similar to our section.

In line with other depression legislation, I. C. 1151, which provided that all real estate held by an insurance corporation not requisite for the accommodation of such corporation in the transaction of its business shall be sold and disposed of within five years after acquisition, was amended to permit the Insurance Commissioner to extend the time for any such sales. This amendment should be beneficial to the insurance companies and their policyholders, as well as the real estate market in general. An amendment similar in nature was made to the Banking Act in 1933.

I. C. 286, regarding insurable interests, was amended to remove the uncertainty that existed as to when an insurable interest must exist insofar as life and health insurance was concerned. This section as amended now reads:

*"An interest in property insured must exist when the insurance takes effect, and when the loss occurs, but need not exist in the meantime; and interest in the life or health of a person insured must exist when the insurance takes effect, but need not exist thereafter or when the loss occurs."*

#### MEASURE OF INDEMNITY

Another amendment that appears to be of some importance was the change made in I. C. 10111, relating to the measure of indemnity under a policy of life or disability insurance. This section originally read,

*"In life or disability insurance unless the interest of an insured is susceptible of exact pecuniary measurement, the measure of indemnity is the sum fixed in the policy."*

No one seemed to know just what was meant by this language, and as far as the writer has been able to ascertain it has never been construed by any court. To remove this uncertainty, the Legislature amended this section so as to provide that the measure of indemnity should be the amount stated in the policy. This section now reads,

*"In life or disability insurance, the only measure of liability and damage is the sum or sums payable in the manner and at the times as provided in the policy to the person entitled thereto."*

Note that the section as amended not only provides that the amount stated in the policy shall govern the measure of liability, but also that the amount payable at any given time is governed by the time of payment stated in the policy. In the writer's opinion, this amendment makes clear the inapplicability of the law of anticipatory breach insofar as life and disability insurance contracts are concerned. Another new law was passed this year for the added protection of the public (I. C. 10113) which provides that after January 1, 1936, every policy of life or disability insurance shall constitute the entire contract between the parties, and may not incorporate by reference any constitution, by-laws, rules, application or other writing. This prevents an insurance company from modifying the apparent terms of a policy by reference to some writing concerning which the insured most likely has no knowledge. Although the Insurance Commissioner has maintained a temporary office at the State Building in Los Angeles, it is now provided by statute that the Commissioner maintain an office in Los Angeles, as well as in San Francisco and Sacramento.

The Insurance Code and all amendments thereto became effective on September 15, 1935, but it is provided by Section 4 of the Code that no action or proceeding commenced and no right accrued before the Code went into effect will be affected by the provisions of the Code except as to the procedure to be followed.

As with the codification of other phases of the law of California, the Insurance Code undoubtedly will be received with favor by the Bar.

## *Fight of Missouri Bar Against Illegal Practice Assumes National Importance\**

THE fight being made by the Missouri bar committees against collection agencies has transcended in its significance the bounds of that state and has grown into a matter of importance to lawyers in all parts of the country. These committees are appointed by the Supreme Court for each judicial circuit and they are empowered by the court to make full investigation concerning matters of professional ethics and unauthorized practice of the law. Boyle G. Clark of Columbia, the general chairman, with an advisory committee (composed of five members of the circuit committees appointed by him), has been zealously inquiring into the activities of lay agencies, law lists, adjusters and a host of other groups suspected of illegally practicing law or illegally interfering with the practice of law. One result of these inquiries has been a determined campaign against collection agencies engaged in the practice of law.

At the suggestion of the state advisory committee, the attorney-general brought a quo warranto proceeding in the Supreme Court against C. S. Dudley and Company, which engages in the collection and adjustment business. Lay agencies in the collection field all over the country have realized the seriousness of their situation if an adverse decision is rendered and are organizing to fight the case and carry it to the Supreme Court of the United States, if possible. A \$7,000 war chest has been called for with which to fight the Missouri case, and the amount has been budgeted among the agencies from New England to the Pacific Coast.

Mr. Clark has quite frankly stated that lay agencies must not interfere in any way with the legal process by which a debt is collected, if they are to avoid the illegal practice of law. Replying to a question after he had delivered an address before the Commercial Law League in Washington, D. C., on July 29, 1935, he said: "If the collection of accounts includes employment of lawyers and forwarding of accounts to lawyers, then I say it is the practice of law."

At St. Louis on September 11, 1935, the advisory committee heard arguments as to the legal status of collection and adjustment agencies in Missouri. On several previous occasions testimony had been taken with reference to companies of this sort. Represented at this hearing also were two credit insurance companies. The principal points discussed centered around the Missouri statute which forbids lay agencies from practicing law and lawyers from dividing fees and the Supreme Court Rule 35—Canons 27 (prohibiting solicitation of business, directly or indirectly), 34 (prohibiting division of fees by lawyers, excepting specifically the sharing of commissions between forwarder and receiver, unless this is prohibited by statute), and 35 (forbidding exploitation of lawyers by intermediaries). The lay agencies contended that Canon 34 controlled the interpretation of the statute forbidding division of fees. The advisory committee pointed out in reply to this that the exception in the canon by its own terms did not apply where there was a statute forbidding the type of fee-division provided for in the exception. In the opinion of the committee then the only question involved is the interpretation of the Missouri statute forbidding a lawyer to share his fees with any one other than a licensed attorney. \* \* \*

\*From Unauthorized Practice News, published by A. B. A. committee on Unauthorized Practice.

## Joint Banquet of Barristers and Medicos

By Grant B. Cooper

THE joint banquet of the Fellowship Section of the Los Angeles County Medical Society and the Junior Barristers of the Los Angeles Bar Association has been scheduled for December 5th at the University Club, according to an announcement by E. Avery Crary, Jr., of the latter group. Acting as hosts this year, the lawyers promise the M. D.'s a real show. Milford Springer, the Will Rogers of the City Attorney's staff, has written a scintillating comedy which he has entitled "Dr. Nostrum, Quack or Duck," and which he claims will "toss 'em in the aisles." Collaborating with Springer, according to an unverified report, was Ken Chantry, until recently with Fox Film Corporation. When interviewed by the BULLETIN reporter, Chantry, who, by the way, is also directing this sparkling extravaganza, denied vehemently that the part of the nurse would be played by Ann Harding, strongly asserting that on the contrary all the parts would be cast with male talent garnered from within the ranks of the Junior Barristers and that the part of the nurse would be filled by a young man whom, he believes, will put Mae West to shame. All in all, at \$1.25 a plate it promises to be an affair that none dare miss.

As one of a committee that waited upon the Board of Governors of the State Bar recently, W. I. Gilbert, Jr., president of the new proposed Junior Bar Section of the State Bar, reports the matter of recognition by the Board was received favorably by them and he is hopefully anticipating an official acknowledgement by them, recognizing the group as an official Section of the State Bar.

Richard C. Waltz has been elected a member of the Board of Trustees of the Los Angeles Bar Association to fill the unexpired term of office formerly held by the late Mr. Ernest E. Noon. This office is one of the four which represent the affiliated associations. (Mr. Waltz was elected on October 25, 1935. He is City Attorney of Beverly Hills.)

## "The Organized Bar Must Remain Independent"

THE Bar Associations and Bar Organizations of the States of the United States should be kept free of political intimidation on one hand and political control on the other. The lawyers of each State are the officers of its Courts, which determine their qualifications and training, admit them to practice, and have inherent responsibility for their conduct and discipline. They are an essential part of the American system of administering impartial justice under law. A legal profession subject to political control or coercion would be as repugnant to the spirit of our institutions as a judiciary supine and politically controlled; and such control or coercion of the profession, if attempted, would in fact be an invasion of the province of the Courts as to their officers.

"It may best be assured and understood that the collective opinion of the legal profession upon public questions, when deliberately ascertained, cannot be commanded by retainers, cannot be cajoled by office or favors, cannot be coerced or made afraid through political attacks upon individuals or the whole profession, and cannot be made to bow to a political domination of the effective new forms of Bar organization. When the welfare and future of America are under public discussion, our country gravely needs the disinterested counsel of a profession that cannot be bullied, bought, silenced, or made subservient to any political purpose. If challenge is anywhere to be made of these enduring principles, the issue may best be faced squarely and now."

—President William L. Ransom of the American Bar Association, before the State Bar of North Carolina, on September 18, 1935.

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